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Greece

Tree Nuts

Tree Nuts Annual

2005

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Report Highlights:
The 2005 Greek Tree Nut Report focuses on almonds and pistachios. Favorable weather conditions and increasing acreage have contributed to excellent output and quality in the 2005 almond crop. Likewise, the pistachio crop is expected to be good for 2005. Market conditions for both almond and pistachios indicate likely growth for U.S. imports.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Almonds

Production

Total Greek almond output in 2004 totaled 17,000 MT (shelled basis) compared to 10,000 MT (shelled basis) output for 2003, which was considered a very low output. Although almond orchards are all irrigated with drip irrigation systems, the unfavorable weather conditions that prevailed in Greece in 2003, mainly in the area of Magnisia (eastern Thessaly), negatively affected production. In 2003, frost, hail, heavy rains, extreme heat and summer drought caused serious damage to the 2003/04 almond production. It was feared that the damage to the blossoms might also extend to the trees. This did not happen and the trees recovered soon, resulting in a good output for 2004, as well as 2005.

Almond production in 2005/06 is forecast at 16,000 tons (shelled basis). The quality of the crop is expected to range from very good to excellent, owing to mild weather. Reportedly, almond crop area in Greece has stabilized at a little over 40,000 hectares, including all types of systematically cultivated orchards and a large number of scattered older trees. These older trees are composed of local traditional varieties, which produce periodically and are easily affected by adverse weather. Acreage is expected to increase in the next five years due to increasing demand for almonds, particularly for confectionary use and growing trade activity with the new EU member states. Imports and local production are re-exported to these new markets. Demand in Bulgaria, Poland and Cyprus has increased in recent years and Greek suppliers are satisfying it. Moreover, the opening of other markets (i.e. China and India) has resulted in a higher world demand for almonds and better prices to both farmers and packers/exporters.

Although it is early to accurately predict the size of the 2006 almond harvest, in the attached PSD almond production is forecast to be 17,000 MT, assuming normal weather conditions. With excellent weather, the crop could reach 19,000 MT or greater. The new CAP implementation starting in 2006, will certainly affect agricultural land use in Greece. Crops not favored by the EU subsidy system and subsequently abandoned or significantly reduced, are expected to return if market conditions permit. By 2010, it is expected that a number of farmers will withdraw from once highly EU supported field crops (under the old CAP), and will shift to tree nut cultivation, particularly in areas like Thessaly and Central Macedonia. Almonds are considered a potential alternative for irrigated soils in these areas, due to high demand in the local market and in neighboring countries. If these predictions are right, Greek almond output by the year 2010 may reach 25,000 – 28,000 MT (shelled basis). Poor soils in Greece, where unmarketable varieties of tobacco used to be grown, as well as hilly areas where irrigated cotton has been the dominant crop for over 20 years, are suitable for almond production.

In the past 10 years, Greek farmers have introduced new late-blooming varieties of almonds, particularly Texas-Mission and Feragnes. Later almond blooms mean less risk of damage from spring frost. The newer Feragnes variety has replaced many traditional varieties and has almost entirely replaced the older Texas-Mission variety in certain regions. The quality of Greek almonds is considered excellent. The best quality is used mostly as snack food and/or exported to Western Europe, while second grades are channeled to the confectionary industry.

Policy

Until 2004, when tree nuts became part of the new CAP reform plans, neither almonds nor pistachios (or other tree nuts) were eligible for the common market organization in the EU (CMO) and did not benefit from the old CAP. In addition, the lack of support from EU Agricultural Support Policies persuaded farmers to uproot productive tree acreage and to convert the land to heavily subsidized arable crops (cotton, corn, sugar beets, industrial tomatoes and durum wheat), supported by such EU Policies for over 25 years.

The main regions for traditional almond production in Greece are the prefectures of Magnesia, Larisa, Serres, Katerini and Kavala, all in Central and Northern Greece. The number of trees has been significantly reduced since the accession of Greece into the EU in 1981. This reduction in orchards occurred when farm prices did not cover producers' fixed costs. The 2004 CAP reform decision on tree nuts was summarized in last year's Tree Nuts Report No GR 4019. Under the new CAP reform for tree nuts, Greek farmers receive approximately 120.75 Euros/Hectare in EU support per area unit, provided that the farmer is a member of a farmer group recognized by the EU. GOG Ministry of Agriculture is allowed to offer an equal amount on top of that from the national budget. Farm gate prices are set between farmer groups and traders, according to supply and demand based on quality and variety. The tree nut crops are fully decoupled and no price subsidies are paid to farmers.

Trade

Trade in almonds is becoming more significant as both exports and imports are on the rise. According to NSS official data (only available on a calendar year basis), Greek almond exports in CY 2004 are just over 4,100 MT, more than double CY 2003. The value of exports in CY 2004 exceeded U.S. $ 19 million, with 50 percent of the volume destined for Italy and Germany. More than 80 percent of Greek almonds are sold to the EU–25, with the Balkan countries figuring largely in the remaining 20 percent. According to trade sources, a large amount of imported almonds are re-exported. In CY 2003, exports exceeded 1,600 MT (valued at € 6.0 million) compared to just under 600 MT in CY 2002 (valued at € 2.0 million) and over 800 MT in CY 2001 (valued at € 2.1 million).

The amount of almond imports into Greece is growing rapidly, reaching 8.650 MT in CY 2004. In CY 2004, the value of imported almonds is reported by the National Statistical Service of Greece (NSS) at €31.6 million, which represents steady growth from € 7.1 million in 2000. Almonds are purchased mostly from the U.S. Purchases from the U.S. in CY 2004 totaled 7,582 MT, the largest volume ever recorded. In CY 2003 almond purchases from U.S., the main supplier of the Greek market, were valued at € 20.6 million for almost 7,000 MT. According to trade sources, import prices of U.S. almonds in the second half of CY 2004 fluctuated at levels just below € 5.0/Kg (CIF Basis). Greek importers are currently booking at import prices between € 6.0-6.5/Kg (CIF Basis). This is largely due to increasing world demand after the opening of large international markets (in Asia). U.S. exporters have already sold most of their stocks to satisfy Asian demand. Actual U.S. almond imports into Greece may be larger than reported taking into consideration additional amounts that enter from Germany, UK and other EU member states. These U.S. origin amounts are estimated to be somewhere between 300-400 MT per annum.

Import volumes of almonds in the past 2-3 years tended to increase due to the shortage of domestic production and the needs of domestic traders to satisfy clients in the neighboring Balkan countries. These foreign supplies are primarily used by the confectionary, ice cream and chocolate industries, largely due to a different taste from those that are produced domestically. Domestically produced almonds are primarily consumed as snacks. Almond

imports are up significantly and will remain strong in the coming years. The second largest supplier of almonds in CY 2004 and CY 2003 was Spain with more than 500 MT and 2,000 MT, respectively. The value of the U.S. Dollar against the Euro has also positively influenced the quantity of almond imports into Greece from the United States.

Trade sources also report that tree nut imports from the U.S. will continue to be high in the years to come due to enforcement of EU aflatoxin requirements. The aflatoxin certification provided by U.S. exporters has been more accurate than certifications from other origins (mainly from Iran, Syria and Turkey). The GOG Ministry of Agriculture and Public Health Authorities (EFET – Food Control Organization of Greece) require an aflatoxin certification to accompany imports. Recently, EFET has intensified health controls after a number of samples of both almonds and pistachios were found by the National Chemical Laboratory to contain aflatoxin in excess of limits allowed by the legislation in effect. In these cases, the offending products were discarded and/or withdrawn from the market and high penalties were imposed on the importing firms and food stores. Periodically, EFET samples and tests all kinds of raw, processed and packaged nuts, at various points of sale. Supermarkets are the common venue for this kind of "spot check."

According to relevant EU Regulations (Council Regulation No 194/97 as amended by Commission Regulation No. 1525/98), it is stipulated that three 10 Kg samples must be taken and analyzed when testing bulk raw nuts for aflatoxin. The total aflatoxin content of any of the samples must not exceed 4 µg per kg – that is equivalent to a concentration of 4 ppb for total aflatoxin or 2 ppb for aflatoxin B1 in both the end product and in nuts destined for consumption without any further processing. The Commission also specified firm tolerance limits of 5 µg per kg of aflatoxin B1 and 10 µg per kg of total aflatoxins in raw product. If a higher level is found in any sample, the whole consignment must be rejected. It has to be noted that Greek tree nut producers, processors and traders regard these limits and regulations as too strict and unrealistic. In their view, the regulations bring no improvement in public health precautions and, by burdening the producers and consumers with high additional costs, are equivalent to a trade barrier both for nut exporters to the EU and EU nut exporters to the rest of the world.

Prices

According to sources in the field, average prices paid to farmers in October 2004 (2004 crop) were between 4.0 – 5.0 Euros/Kg (shelled basis). Grower prices for the 2003 crop fluctuated between € 3.8-3.9 per kg (shelled basis) for almonds used mostly by the confectionary and chocolate industry, and € 4.5-4.6 per kg for almonds purchased by processing plants for snack food packaging. These prices are slightly higher than the prices paid in 2002 due to the small 2003 crop and the much higher quality of almonds produced in both 2003 and 2004. Although too early for actual prices, it is reported that in 2005, grower prices are expected to be at or slightly above the 2004 level primarily due to the forecasted high quality of harvest, which should be better than recent years. Farmers are expected to harvest and deliver in October.

Current retail almond prices in the Greek market (snack packages of 200, 500 and 1,000 grams) fluctuate between € 9.5-12.0 per kg, for roasted, salted and flavored almonds. According to trade sources, import prices for ?? 2003/04 are approximately $3,700- $4,300 per MT (CIF, Shelled basis) for almonds purchased from U.S. compared to over $5,500 per MT of those entering Greece from western Europe (Germany, Spain, France, UK).

Consumption

Greeks are the largest nut consumers in the world. According to trade sources, domestic almond consumption has risen almost 30% in the past ten years and is expected to stabilize somewhere between 22,000 – 23,000 MT per annum. Greece's consumption of tree nuts is 5.5 kilograms per capita, annually (or over 12 pounds/capita/year). This includes all nut consumption: almonds, pistachios, hazelnuts, walnuts, groundnuts, pecans and other types of nuts. Over 35% percent of the total amount, or 2.0 kilograms (4.4 pounds) per capita represents personal consumption of almonds. One primary reason is that the confectionary sector, ice cream and chocolate industries prefer to use almonds. In an average year, heavy consumption of tree nuts starts in October, peaks in December and January, and declines in April and May. However, consumption increases again in summer when tourists arrive. A quarter of the nuts Greeks consume are in the form of processed "snack packs," eaten directly out of the bag.

Pistachios

General

Greek pistachio production totaled 8,000 MT in 2004. For 2005 production is expected to be 9,500 MT, considered a relatively good harvest. Because weather conditions during the 2005 blossoming period were normal, product quality is expected to be at satisfactory levels. Pistachio trees give a good harvest every second year. Weather permitting Greek pistachio output fluctuates between 8,000 – 10,000 MT per annum.

The pistachio growing areas now include new orchards in full production in Thessally and the peninsula of Halkidiki in central Macedonia, along with pre-existing orchards that have remained disease free. In these regions there is some organic tree nut production practiced within the framework of relevant EU Directives. At the same time, old orchards in other regions around the country are being abandoned and/or uprooted due to disease and/or adverse local weather conditions.

Prices

Grower prices in 2004 have fluctuated between 4.60-5.00 €/Kg compared to those in 2003 which fluctuated between 5.00-5.35 €/kg for the best quality pistachios (delivered with 95% open nuts). Prices depend on the size of harvest, quality and the amount of imported pistachios from Iran and other origins, which usually reach the Greek market at much lower prices. However, when a large percentage of nuts remain closed, farmers receive a lower price from traders and processors as they have to incur the costs of mechanical shelling, which is then incorporated into the final price paid by the consumer. When this product is finally sold in the retail market as shelled product in snack packages, it fetches a high retail price.

MY 2005/06 pistachio farm gate prices are forecast to be at the same levels as in MY 2003/04, cited above, due to expected high quality of harvest. Iranian pistachios in CY 2003 and before, were purchased in large quantities by Greek importers (600 – 1,000 MT per annum), at very competitive prices reportedly at 3.0 – 3.5 €/Kg CIF basis. However, the high aflatoxin content found in these imports has discouraged Greek traders and in CY 2004, imports from Iran dropped to only 166 MT.

Trade

In CY 2004 imports of pistachios neared 3,500 MT (valued at € 11.3 Million) compared to purchases in CY 2003 which totaled 3,000 MT (valued at € 9.0 Million), to 2,500 MT (valued at $8 million) in CY 2002 and to 1,200 MT in 2001 (valued at € 3.6 million). Prior to CY 2003, imported pistachios were mostly purchased from Iran and Turkey. Due to a shortage of Greek pistachios, coupled with steadily increasing demand, imports approach 3,000 MT in 2004/05 compared to less than 2,000 MT a few years back. In CY 2003, only 45 MT of imports were reported from the United States with a value of €109 thousand. In addition, some of the pistachios entering Greece through the EU may have originated in the U.S. In CY 2004, after the significant drop of Iranian exports to Greece, almost 350 MT of U.S. pistachios were imported (valued at € 1 Million), a good indication that U.S. product can regain ground in the Greek market. U.S. pistachios had virtually vanished from the Greek market.

In CY 2004, exports of Greek pistachios increased, passing 1,000 MT (valued at € 3.2 Million) compared to about 300 ?? (valued at just less than € 1 million) for CY 2003. Approximately 25-30 percent of recent Greek exports are destined for Balkan countries. Export trade for Greek pistachios is of secondary importance, following the fulfillment of domestic consumption needs. Once domestic demand is well covered, some limited exports take place.

Other issues pertaining to trade policy and public health, cited in the almond section above, equally pertain to the pistachio sector.

Consumption

Domestic consumption since 2002, estimated at 12,000 – 12,500 MT/annually, is likely to increase in the next several years due to the increase of pistachio usage in the confectionary and the ice cream sectors and to some export prospects to neighboring countries.

This report focuses primarily on almond and pistachios. The market situation in Greece for other nuts, as well as the recently approved new Common Agricultural Policy for the tree nut sector, is described in detail in last year's Tree Nuts Annual Report No GR 4019.

PS&D Table Almonds, Shelled Basis

PSD Table

Country	**Greece**						
Commodity	**Almonds, Shelled Basis**				(HA)(1000 TREES)(MT)		
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		09/2004		09/2005		09/2006	MM/YYYY
Area Planted	40050	40050	40100	40100	0	40100	(HA)
Area Harvested	39953	39953	40015	40015	0	40050	(HA)
Bearing Trees	14020	14020	14040	14040	0	14060	(1000 TREES)
Non-Bearing Trees	20	20	20	20	0	30	(1000 TREES)
Total Trees	14040	14040	14060	14060	0	14090	(1000 TREES)
Beginning Stocks	3623	3623	4123	3823	4023	5023	(MT)
Production	17000	17000	15000	16000	0	17000	(MT)
Imports	7000	8000	6500	9000	0	8500	(MT)
TOTAL SUPPLY	27623	28623	25623	28823	4023	30523	(MT)
Exports	2500	2800	1800	2800	0	3800	(MT)
Domestic Consumption	21000	22000	19800	21000	0	22000	(MT)
Ending Stocks	4123	3823	4023	5023	0	4723	(MT)
TOTAL DISTRIBUTION	27623	28623	25623	28823	0	30523	(MT)

Export Trade Matrix, Almonds, Shelled Basis

Export Trade Matrix

Country Greece

Commodit Almonds, Shelled Basis

Time Period		Units:	MT
Exports for:	2003		**2004**
U.S.		U.S.	
Others		Others	
Italy	413	Italy	1220
Germany	109	Germany	804
France	296	France	257
Spain	110	Spain	521
Netherlands	75	Austria	131
U.K.	38	Poland	113
Other EU	36	Cyprus	183
>EU Total	1077	Other EU	360
Bulgaria	204	>EU Total	3589
Cyprus	166	Bulgaria	293
Total for Others	1447		3882
Others not Liste	189		224
Grand Total	1636		4106

Import Trade Matrix, Almonds, Shelled Basis

Import Trade Matrix

Country Greece

Commodit Almonds, Shelled Basis

Time Period		Units:	MT
Imports for:	2003		**2004**
U.S.	6955	U.S.	7582
Others		Others	
Spain	2134	Spain	523
Germany	187	Germany	282
Italy	2	Italy	79
Sweden	1	France	112
Netherlands	8	Netherlands	18
>EU Total	2332	U.K.	27
Bulgaria	20	>EU Total	1041
Israel	16	Bulgaria	26
		Turkey	1
Total for Others	2368		1068
Others not Listed			
Grand Total	9323		8650

PS&D Table, Pistachios Inshell Basis

PSD Table

Country Greece

Commodity Pistachios, Inshell Basis (HA)(1000 TREES)(MT)

	2004 Revised		2005 Estimate		2006 Forecast	UOM
	USDA Official	Estimate [	DA Official	Estimate [	DA Official	Estimate [New]
Market Year Begin		09/2004		09/2005		09/2006 MM/YYYY
Area Planted	5120	5120	5122	5122	0	5122 (HA)
Area Harvested	5020	5020	5022	5022	0	5022 (HA)
Bearing Trees	1290	1290	1300	1300	0	1305 (1000 TREES)
Non-Bearing Trees	20	20	15	15	0	12 (1000 TREES)
Total Trees	1310	1310	1315	1315	0	1317 (1000 TREES)
Beginning Stocks	4140	4140	3090	1610	3240	1560 (MT)
Production	9500	8000	9500	9500	0	9000 (MT)
Imports	2800	2800	3000	3200	0	3500 (MT)
TOTAL SUPPLY	16440	14940	15590	14310	3240	14060 (MT)
Exports	350	330	350	750	0	700 (MT)
Domestic Consumption	13000	13000	12000	12000	0	12000 (MT)
Ending Stocks	3090	1610	3240	1560	0	1360 (MT)
TOTAL DISTRIBUTION	16440	14940	15590	14310	0	14060 (MT)

Export Trade Matrix, Pistachios Inshell Basis

Export Trade Matrix

Country Greece

Commodit Pistachios, Inshell Basis

Time Period		Units:	MT
Exports for:	2003		**2004**
U.S.		U.S.	
Others		Others	
Italy	96	Italy	163
Germany	44	Spain	47
France	3	France	364
Belg. & Lux.	2	Luxemburg	81
>EU Total	145	Cyprus	54
Yugoslavia	91	U.K.	27
Cyprus	19	Other EU	20
Bosnia-Herzeg.	14	>EU Total	756
FYROM	9	Yugoslavia	103
Bulgaria	35	Bulgaria	105
Total for Others	313		964
Others not Liste	6		58
Grand Total	319		1022

Import Trade Matrix, Pistachios, Inshell Basis

Import Trade Matrix

Country Greece

Commodit Pistachios, Inshell Basis

Time Period		Units:	MT
Imports for:	2003		**2004**
U.S.	45	U.S.	343
Others		Others	
Germany	1219	Germnay	1522
Spain	156	Spain	448
U.K.	404	U.K.	645
Netherlands	105	Netherlands	17
Belg. & Lux.	25	Luxemburg	22
>EU Total	1909	Cyprus	43
Iran	673	>EU Total	2697
Turkey	275	Turkey	219
Syria	62	Syria	23
China	18	Iran	166
Total for Others	2937		3105
Others not Listed			19
Grand Total	2982		3467